



J. TYLER McCaULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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March 1, 2006

TO: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: J. Tyler McCauley 
Auditor-Controller

SUBJECT: **CHILD CARE RESOURCE CENTER CONTRACT REVIEW**

We have completed a contract compliance review of Child Care Resource Center (CCRC or Agency), a CalWORKs Stage 1 Child care service contractor. The review was conducted by the Auditor-Controller's Countywide Contract Monitoring Division.

Background

The Department of Public Social Services (DPSS) contracts with CCRC a private, non-profit, community-based organization that assists parents with child care services. The Agency's services include determining participants' presumptive eligibility, explaining participants' child care options and program rights, providing consumer education information, child care referrals upon request, and paying the daycare service providers. The Agency is located in the Third and Fifth Districts.

DPSS pays CCRC a negotiated rate of approximately \$125 per case per month. DPSS also pays CCRC a fixed monthly fee of approximately \$23,000 per month to fund six staff located at DPSS offices and approximately \$20,000 annually for outreach services. For Fiscal Year 2004-2005, DPSS paid the Agency approximately \$4 million.

Purpose/Methodology

The purpose of the review was to determine whether CCRC provided the services outlined in their Program Statement and County contract. We also evaluated CCRC's

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ability to achieve planned service and staffing levels. Our monitoring visit included a review of Agency's billing statements, participant case files, provider files, provider payment requests, time records, and personnel files. In addition, we interviewed the Agency's staff, program participants and service providers.

Results of Review

CCRC provided services required by the County contract using the appropriate number of staff. The program participants stated that the services they received from CCRC generally met their expectations. In addition, CCRC staff met the qualifications required by the County contract.

CCRC provided childcare services to the participants within the timeframe required by the County contract. For 99 (99%) of the 100 case records reviewed, the Agency provided enhanced referrals to eligible participants and authorized the services timely. However, the Agency claimed that due to an oversight CCRC billed DPSS \$623 for enhanced referral services that were not provided and \$249 for services provided to an ineligible participant. CCRC also billed DPSS twice for the same services resulting in an over payment of \$374. The over payments totaled \$1,246. We recommend that CCRC management repay DPSS for amounts over billed.

The details of our review, along with recommendations for corrective action, are attached.

Review of Report

On November 22, 2005, we discussed our report with CCRC's management. In their attached response, CCRC's management indicates that the Agency has repaid \$249 to DPSS through the invoicing process and will repay the remaining \$997. We also notified DPSS of the results of our review.

We thank CCRC for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Attachment

c: David E. Janssen, Chief Administrative Officer
Bryce Yokomizo, Director, Department of Public Social Services
Ellen Cervantes, Vice President, Child Care Resource Center
Public Information Office
Audit Committee

**COUNTYWIDE CONTRACT MONITORING DIVISION
CalWORKs STAGE 1 CHILD CARE PROGRAM
FISCAL YEAR 2004-2005
CHILD CARE RESOURCE CENTER**

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether Child Care Resource Center (CCRC or Agency) provided the services billed in accordance with their contract and the program participants actually received those services.

Verification

We reviewed 100 program participant case records assigned to CCRC during July and August 2004 to verify that the program participants were eligible to receive child care services and the Agency complied with the County contract. We also interviewed 81 program participants and 88 daycare providers to ensure that the participants and the providers received the child care services. Our sample represented \$24,916 (4%) of \$561,980 that CCRC billed the Department of Public Social Services (DPSS) for the review period.

Results

The participants interviewed stated that the services generally met their expectations and that CCRC explained participants' child care options, program rights and provided consumer education information. The 88 service providers interviewed also stated that CCRC authorized and paid for child care services.

In addition, CCRC provided childcare services to the participants within the timeframe required by the County contract. For 99 (99%) of the 100 case records reviewed, the Agency provided enhanced referrals to eligible participants and authorized the services timely. However, the Agency claimed that due to an oversight CCRC billed DPSS \$623 for enhanced referral services that were not provided and \$249 for services provided to an ineligible participant. CCRC also billed DPSS twice for the same services resulting in an over payment of \$374. The over payments totaled \$1,246. We recommend that CCRC management repay DPSS for amounts over billed.

Recommendation

CCRC management:

- 1. Repay DPSS \$1,246 for amounts over billed.**

STAFFING/CASELOAD LEVELS**Objective**

Determine whether CCRC's actual service and staffing met the staffing levels required by the County contract.

Verification

We interviewed 55 CCRC's staff and reviewed CCRC's employee roster. In addition, we reviewed invoices for July and August 2004 and compared them to the Agency's proposed service levels for the same period.

Results

CCRC's reported service levels for the period averaged approximately 1,851 participant cases per month. This represents a decrease of 26% from the budgeted participant service levels of 2,494 participant cases per month. The decrease is due to a reduction in the number of cases referred to the Agency by DPSS. The Agency's actual staffing levels of 119 staff were approximately 11% below the planned staffing levels of 133 staff. The Agency indicated that the staffing levels are monitored to be consistent with the changes in the service levels.

Recommendation

There are no recommendations for this section.

STAFFING QUALIFICATIONS**Objective**

Determine whether CCRC's staff met the qualifications required by the contract.

Verification

We reviewed the personnel files for 15 staff out of a total of 119 staff for documentation to confirm staff qualifications.

Results

Each staff sampled met the required employment eligibility verification, training, reading, writing and speaking requirements identified in the contract.

Recommendation

There are no recommendations for this section.



January 3, 2006

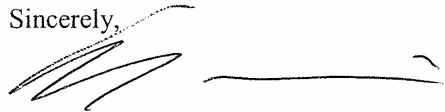
Mr. J. Tyler McCauley
County of Los Angeles
Department of Auditor-Controller
500 W. Temple Street, Room 525
Los Angeles, CA 90012-2766

Dear Mr. McCauley:

After a careful review of the Draft Child Care Resource Center Review dated September 2005 of the fiscal year 2004-2005 contract compliance audit, we disagree with the overpayment amount of \$1,246.00 recommended in the Billed Services/Client Verification Section of the report. CCRC has paid \$249.00 of the \$1,246.00 overpayment in question. CCRC agrees to pay the remaining \$997.00 to DPSS.

CCRC also agrees with the remainder of the report as written. If you have any questions, please feel free to contact me at 818-756-3367.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Olenick", followed by a horizontal line.

Michael Olenick, Ph.D.
President & CEO

MO:kks

cc: Bryce Yokomizo
Grace Cainoy
Ruchika Bharadwaj